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In Union is Strength

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National Farmers Union

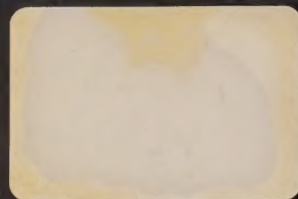
Submission

to the

Standing Senate Committee on Agriculture

Ontario

December 9, 1981





national farmers union

In Union is Strength

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Introduction

We welcome the initiative your Committee has taken in bringing to the foreground the serious problems that exist within the beef industry and encouraging public discussion on alternative methods for beef marketing and stabilization.

The members of our organization are directly affected and concerned about beef marketing issues. They have over a number of years developed marketing policies and strategies which have on previous occasions been brought before your Committee.

Last September, our National Executive appointed a committee to further define and refine our policy position which supports the concept of a National Meat Authority. This committee drafted principles for a National Meat Authority and further developed its concepts for a Beef Marketing Plan to operate within the framework of a N.M.A. which we consider to be the ultimate objective.

The N.F.U. committee's proposals were discussed by the N.F.U. Executive in October and then were the subject for discussion at a symposium and a number of country meetings. The symposium in question included presentations from the Chairman of C.E.M.A., and representatives of the Canadian Wheat Board and National Farm Products Marketing Council.

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The Senate Study

The N.F.U. Committee undertook to review and analyze the Senate Committee working paper, "Alternative Marketing and Stabilization Programs for the Beef Industry in Canada".

In this attempt, the N.F.U. Committee recognized that the Senate working paper presented a thorough overview of components within the beef marketing system including:

Analysis of The Senate Study

The Senate Study presents a thorough overview of components within the beef marketing system including:

- a) A review of the cattle situation and identification of peaks and valleys evident in the beef cycle over a 15 year period and a commentary on the "harmonization" of these cycles with those of other countries;
- b) An examination of the supply and demand situation including a reconciliation of import-export balances, the impact of the dairy sector on overall supply, and per capita consumption patterns;
- c) A review of U.S. tariffs on Canadian cattle and beef exports;
- d) Regional distribution of fed cattle production and beef cow population;
- e) Number and percentage gradings of beef carcasses by province and regions, 1955 to 1978, and a geographic comparison of steer/heifer and cow/bull grading in 1978;
- f) The size and scale of beef operations, by province;
- g) The structure of the beef market and a review of the price discovery mechanism;
- h) A review of the changing shape of the packinghouse industry, its location, growing concentration, and apparent inequities in the system;
- i) An examination of farm share and apparent marketing margins at various levels within the system;

.. continued ..

- j) Comparative East/West costs of production are examined for feeder calves and stocker steers, leading the study to conclude: "Based on this analysis, with the costs of production faced by the average Canadian cow/calf producer, the market prices for this output, the beef enterprise appears untenable over the longer term."
- k) Various forms of government intervention are reviewed, including feed freight assistance, federal stabilization, payment for losses incurred in 1974-75 resulting from U.S. border closures, provincial grant payments in 1976, B.C.'s Farm Income Assurance Plan, Quebec's interest rebate program, Alberta's Agricultural Development Corporation and Saskatchewan's Farmstart programs, both of which subsidize interest rates.

An examination of "explicit problems" in the industry, included the following:

- a) The absence of market information and inequities in payment;
- b) Technological change and decline and concentration in the processing industry;
- c) Levels of return to producers and the insensitivity of the industry to supply changes and international competitiveness. The study further considers the related problems of small scale production, long-term income instability and the free enterprise ethic.

Responses to problems include proposals for:

- a) Import controls;
- b) Stabilization;
- c) Income Averaging Approaches.

The study then attempts to fit a beef marketing format into the marketing frameworks now existing for wheat, milk and eggs. A fourth model is intended to administer a stabilization program.

Some similarities exist between the various models, however, a common theme runs through them all.

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j) Comparative East/West costs of production are examined for feeder calves and stocker steers, leading the study to conclude: "Based on this analysis, with the costs of production faced by the average Canadian cow/calf producer, the market prices for this output, the beef enterprise appears unviable over the longer term."

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An examination of "explicit problems" in the industry,

included the following:

- a) The absence of market information and incentives in the industry
 - b) Technological change and feeding and concentration in the industry
 - c) Levels of return to producers and the insensitivity of the industry to market conditions
- The study further considers the related problems of small scale production, farm income instability and the free enterprise ethic.

Responses to problems include proposals for:

- a) Import controls
- b) Stabilization

c) Income Averaging Approaches.

The study then attempts to fit a beef marketing format into

the marketing frameworks now existing for wheat, milk and eggs. A

fourth model is intended to administer a stabilization program.

Some similarities exist between the various models, however,

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- a) Slaughter beef cattle would be offered for sale on an auction system (electronic bidding seems to be preferred).
- b) All beef producers would be registered and allocated market share quotas, without commercial value.
- c) With the exception of the Wheat Board model, all embody basic cost of production formulas calculated for slaughter cattle, which could result in stabilization payments, financed either from the federal treasury or by levies. The C.W.B. model would hope to improve producer prices through improvements in marketing efficiency, however, while it is not tied to a stabilization concept, there is no valid reason why it could not be included.
- d) None visualize a negotiating function for price and supply between a producer agency, government and the trade.
- e) None visualize an integrated model combining two or more varieties of meat or livestock.
- f) All models recognize the need for dealing with surplus supply and propose that this might be done through calling for marketing of cattle at lighter weights or purchasing feeder cattle for slaughter.
- g) None deal with the need for a national feed grains policy as the cornerstone for a sound livestock industry.

While none entirely meet the need of beef producers from the N.F.U. policy position, the implementation of any one of these models might represent an improvement over the existing system. However, the interrelationship of the whole meat supply demand picture is not dealt with.

On the matter of stabilization, the Senate report set forth the following concept:

1. Voluntary contractual program for at least a 5-year period.
2. Costs shared equally by all three parties.

.. continued ..

3. Separate provincial cost bases (including benefits from provincial programs taken into account) to yield full cost recovery.
4. Indexed bases to permit continuous payments processing as required.
5. Compensation based on beef cow herd.
6. Limitations on beef cow herd eligibility to 100 cows.

In an attempt to seek out the similarities between the four models, the N.F.U. committee prepared the accompanying chart. It found that it was forced to make some assumptions because the working paper itself did not uniformly deal with all the specific items contained in the chart. Some of the conclusions of the chart may, therefore, be incorrect because the answer was not identified in the material.

The N.F.U. committee did not specify a preference for any one model over another but instead developed the following concept for a beef marketing plan.

All of which is respectfully
submitted by:

THE NATIONAL FARMERS UNION

COMPARATIVE FEATURES OF SENATE BEEF STUDY MODELS

Items	C.W.B. Model	C.D.C. Model	C.E.M.A. Model	Stabilization Model
1. Legislation Required	Yes	Yes	Amend.	Amend.
2. Registration of Producers	Yes	Yes	Yes	Yes
3. Vote by Producers	No	No	Yes	Yes
4. Individual Production Quotas	No	Yes	Yes	No
5. One Desk Buying and Selling	Yes	No	Yes	Yes
6. Individual Market Share Quotas	Yes	Yes	Yes	Yes
7. National Market Shares by Prov.	No	Yes	Yes	Yes
8. Producer Levies Charged	Yes	No	Yes	No
9. Control Over Interprovincial Movement	Yes	No	Yes	Yes
10. Control Over Exports and Imports	Yes	Yes	Yes	Yes
11. Delegation of Provincial Powers Needed	Yes	No	Yes	Yes
12. Producer Elected Board	No	No	Yes	Yes
13. Producer Elected Advisory Committee	Yes	No	No	No
14. Cost of Production Formula	No	Yes	Yes	Yes
15. Supplementary Payments Concept	No	Yes	No	Yes
16. Subsidy Eligibility	No	Yes	Yes	Yes
17. Over Quota Penalties	No	Yes	Yes	Yes
18. Individual Quota Value	No	No	No	No
19. Surplus Removal or Adjustment	Yes	Yes	Yes	Yes
20. Forward Contracting of Supply	Optional	No	No	Yes
21. Central Selling Into Export	Yes	No	Optional	Yes
22. Central Selling of Feeders	Optional	No	Optional	No
23. Terminal Centres for Assembly	Yes	No	No	No
24. Compulsory Auction System	Yes	No	No	Yes
25. Electronic Bidding	Yes	No	Optional	Yes
26. Buyers Licensed	Yes	No	Yes	Yes
27. Rail Grading of Carcasses	Yes	No	No	No
28. Daily or Weekly Price Averaging	Yes	No	No	No
29. Monitoring of Supplies and Movement	Yes	Yes	Yes	Yes
30. Dairy Cattle Included	Yes	No	No	No

Concepts for a Beef Marketing Plan

Introduction

The "boom and bust" cycles that have characterized the beef industry over the years have resulted in the loss of hundreds of millions of dollars to beef producers. Further compounding the problems of balancing supply with consumption has been the erratic price behaviour of the market place and the escalating increases in production costs.

Farms and ranches throughout Canada who maintain basic breeding herds are the primary sources of beef cattle eventually finished for the Canadian slaughter market. The average size of beef cow herds in Canada is 26.5 cows according to the Senate Study on Alternative Marketing and Stabilization. Many of the calves produced in these operations are surplus to the finishing capacity of the farm units concerned and are eventually offered for sale to other farmers or commercial feedlots for finishing to slaughter weights. (See Tables 1 and 2)

When market prices for slaughter cattle are below costs of production, market prices for feeder cattle often fall sharply, either through lack of demand or because secondary feed lot operations seek to retrench their viability by reducing the input cost of feeder cattle - or both.

The Senate Study further estimates that in Alberta 70% of fed cattle are finished in commercial feedlots and 60% are so finished in Ontario, with the balance finished on farm feed lot operations. This indicates the large degree of dependence cow-

TABLE 1

NUMBER OF FARMS WITH VARYING BEEF COW HERD SIZES, 1976

	Herd Size (COWS)						500 or More
	1-9	10-19	20-49	50-99	100-199	200-499	
Newfoundland	223	35	13	-	1	-	-
Pr. Edward Is.	1,145	293	151	21	4	-	1
Nova Scotia	1,550	548	364	44	11	1	-
New Brunswick	1,232	555	371	51	10	-	-
Quebec	13,982	5,517	3,081	377	24	4	-
Ontario	14,959	8,992	7,562	1,193	174	27	-
Manitoba	4,590	3,572	5,929	2,304	499	70	8
Saskatchewan	8,675	8,336	14,352	5,372	1,363	259	17
Alberta	8,536	6,931	13,069	6,794	2,613	608	84
Br. Columbia	4,024	1,058	1,194	620	302	129	39
Yukon	1	-	2	-	-	-	-
East Canada	33,091	15,940	11,542	1,686	224	32	1
West Canada	25,826	19,897	34,546	15,090	4,777	1,066	148
Total Farms Canada	58,917	35,837	46,088	16,776	5,001	1,098	149
Total Cows Canada	254,321	491,020	1,409,294	1,111,856	644,453	299,503	134,532

TABLE 2

COUNT OF FARMS BY STEERS OVER 1 YEAR, 1976 *

Number of Steers on Farm	Total No. of Farms	% Total of Farms	Total Steer No. on Farm	% Total Steers in Canada	Average Head per Farm
1-25	103,747	85.1	729,126	31.1	7.0
26-50	10,299	8.4	369,799	15.8	35.9
51-75	2,970	2.4	185,005	7.9	62.3
76-100	1,612	1.3	142,970	6.1	87.0
101-200	2,077	1.7	293,574	12.5	141.0
201-500	983	0.8	293,778	12.6	299.0
501-1000	197	0.2	134,156	5.7	68.1
1001-2000	47	0.1	65,393	2.8	1,391.0
2000 +	30	-	128,521	5.5	4,284.0
TOTAL	121,962	100.0	2,342,322	100.0	192.0

Source: The Standing Senate Committee on Agriculture Working Paper:
"Alternate Marketing and Stabilization Programs for the Beef Industry
in Canada"

calf producers have for their income needs on a stable market for feeder cattle.

It, also, implies that if Canada is to have a stable beef industry in future, the income needs of cow-calf operators are of primary importance and must be accommodated in any beef marketing plan which envisions a supply management concept.

Basic Considerations

1. In order to be effective, a beef marketing plan must be national in scope and its support provisions must be uniform and universal.

2. A national marketing agency must have all the authority provided through one-desk selling that will enable it in general terms, to:

- a) Represent all producers in the sale of the product to processors, wholesalers, distributors, etc.
- b) Regulate imports and exports.
- c) Control the assembly and distribution of the product.
- d) Develop production targets and controls over supply and allocate same on a proportionate basis by province and to producers.
- e) Exercise such other powers as are needed to effect over-all stability to the production marketing and pricing of the regulated product.

3. Notwithstanding the foregoing, the task of any national beef marketing agency would be considerably assisted through the parallel presence of an orderly pricing and marketing system for feed grains in order that the price instability of this important cost item might become more predictable and less disruptive in its effect to the pricing of feeder cattle.

Alternative Considerations

In considering a national marketing plan for beef, some basic alternatives include:

1. A marketing plan with a basic cost of production formula for slaughter cattle.
 - a) Producers are paid through stabilization or insurance funds, the difference, between market prices and the formula price, thereby allowing marketing forces to function unimpeded.
 - b) The formula price of the plan becomes the market floor price for slaughter cattle. Buyers compete for supply on the basis of price competition above the floor price. Such a plan would not require a stabilization program. Price stability resulting from such a program would presumably be reflected in parallel stability for feeder cattle.
2. A marketing plan for feeder cattle which features a basic cost of production formula.
 - a) Feeder cattle surplus to the needs of producers are sold to potential buyers. Shortfalls in selling prices are compensated through stabilization or insurance payments.
 - b) Feeder cattle surplus to the needs of producers are offered for sale at basic prices related to a cost of production formula for top grade feeder animals. Price spreads for other grades would be established and weight price differentials established. Such a plan would require a two tier cost of production system which would relate the cost of production formula for feeder cattle with that of slaughter cattle. Slaughter cattle would enter the processing system at the cost of production price.

Of these four alternative approaches, the Committee believes the combined feeder-slaughter program described in 2(b) would be the most satisfactory and should be considered.

Principle Considerations for a Feeder-Slaughter Cattle Marketing Program:

1. Basic legislation establishing a National Meat Authority with necessary federal powers and delegation of appropriate provincial powers is a prerequisite.

2. The federal government would appoint a chairman and commissioners (from 5 to 10 in number depending on whether each geographic region or each province is to be represented on the N.M.A.).

3. A research department would be established within the N.M.A. to develop parallel cost of production formulas for feeder cattle and slaughter cattle and determine such other basic information as would be required by the N.M.A.

4. A policy objective of the N.M.A. should be the minimum achievement of self-sufficiency for domestic beef requirements and the development of stable export markets as well as maximizing returns for the product to producers and stabilizing price and supply to consumers.

Methods for Implementation

1. Initially, all owners of beef cow herds or owners of dairy herds who cross breed dairy cows with beef cattle for the purpose of producing feeders to finish custom feeding or for sale, would register with the N.M.A. In this way, the basic and average size of the beef breeding herd and the total number of producers can be

established. Additionally, the annual sale of dairy and beef culls would be estimated as well as animal bred for export.

2. Tabulation on the size of beef breeding herds and the number of producers would assist in determining the initial market share quota for each producer and each province. A further extension of this tabulation would include information on each active producer's beef production record in the previous five years to develop a historic pattern of beef production. In addition, his capability for and interest in expanding beef production in future for finishing, custom feeding and sale of feeder stock should be obtained. This would provide some indication on potential size and volume capability for beef production.

3. Parallel to registration of producers would be the registration of farmers and commercial feed lot operations who purchase and feed cattle from feeder weight to finish. The numbers currently being fed, past five year feeding record and potential feeding capacity, would be determined in order to develop an allocation system for commercial feeder cattle. Custom feed lot operations would also register and report their historic record of feeding, current levels of feeding and existing capacity for feeding. This information would assist in narrowing down the number of commercial feeder cattle available for allocation and/or export.

4. A cost of production formula price for feeder cattle of top grade in the 400 lb. weight class would be the entry price into the market and constitute the N.M.A. bench-mark for prices for other grades and weights of feeder cattle offered for sale. These price ranges may be regulated and applied on a sliding scale

(ei: \$ per cwt. would decline as weight of feeder cattle increases). This procedure indicates the need for establishment of grading standards for feeder cattle.

5. The N.M.A., through its designated agents, would be the sole seller of all feeder cattle offered on the commercial market. It would receive offers for purchase from buyers, develop export markets and administer the assembly, allocation and disposition of all stock. Farm to farm sales could be accommodated.

6. The costs of administration in its marketing program would be assessed against the feeder cattle sold, but this cost would be included in the cost of production formula.

7. The cost of production formula established for cattle of slaughter weight would constitute the price of entry into the processing sector. Price differentials by grade, weight and sex would be established.

8. The N.M.A. would be responsible for the assembly, allocation and distribution of all slaughter cattle sold into the domestic commercial market and would have power over all imports and exports of live slaughter cattle, dressed beef and beef products.

9. Administration costs would be recovered from an assessment levied on slaughter cattle but would be included in the cost of production formula.

10. As the full regulatory agency, the N.M.A. would be able to exercise control over total beef supplies entering the market by projecting supply against future demand needs. This would enable it to level out the flow of cattle going to market and further

regulate supply by calling forward cattle of lighter or heavier weights, removing surplus feeder cattle for slaughter, seeking additional markets or sources of supply.

11. The N.M.A. would declare all commercial and custom feeding facilities, processing plants, abattoirs, etc. as "works for the general advantage of Canada" and require all such facilities to be registered and licensed. (Feed mills and country elevators now are.)

12. The N.M.A. would have powers to impose penalties on all violations related to the buying, selling, processing, transportation and distribution of regulated products.

13. In the allocation of increases in the cow herd by province, the present production level would constitute the first step in allocation. Future increases would be related in a proportional way to historic production patterns which would assure that production increases occurred in the most efficient production areas.

14. Provincial increases in the cow herd would be granted to individual producers on a priority system which would give priority to beginning operators, smaller operators and larger operators.

15. The N.M.A. would report on its operations annually to parliament and report periodically to producers through public information meetings, newsletters, etc.

Constraints

1. The preceeding model is conceived as one which would best serve the interests of producers and consumers because it is orderly, efficient and just. It would replace the current free market system

for determination of "value" based on profit opportunity for the buyer with an administered price system for determination of "value" based on the producer's cost of production.

The major constraints to this concept are:

a) The willingness of federal and provincial governments to exercise their powers to effect the needed legislative changes;

b) The willingness of the various power groups operating under the present system to cooperate (as they now partly do in the sale of industrial milk and eggs).

2. The model projects the cost of production prices for feeder and slaughter cattle as being the market prices. As a consequence no stabilization program would be needed. The major constraint at present to this concept is that other red meats (pork, sheep and lamb) would be open priced. Since producers of these products often sell at below cost of production, we can assume beef prices would be relatively higher and could result in a further drop in consumer demand and threaten the total concept.

An interim beef stabilization program might need to be developed to offset the ill effects of price competition from pork, mutton and lamb. Turkeys and broilers could also compete in this situation since they are now priced provincially.

3. A further constraint to the effect operation of a N.M.A. plan for beef is the current system of marketing for feed grains.

All commercial domestic feed grains sold in Canada need to be placed under an orderly marketing system and sold under a cost of production formula which will recognize comparative value in feeding. This would establish a degree of price equality between regions and

stabilize the beef cost of production formula.

4. Our commitments under the G.A.T.T. which, beginning, in 1980, guaranteed minimum access to beef exporting countries of 139.2 million pounds of dressed beef with increases in minimum quota for future years in proportion to population increase.

-30-

October 26, 1981

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national farmers union

In Union is Strength

Principle Considerations for a National Meat Authority

Introduction:

The National Farmers Union has a long standing policy of orderly marketing for farm products. It is the keystone to an overall policy that advocates the farm family remain as the basic unit of food production and retain the ownership and control of land used for food production.

The free market system has been identified as a major cause of instability to the farm family concept, as farmers must compete against each other for markets for their products among relatively few buyers. As a consequence, farmers are cast in the role of being "price takers".

The result of this method of selling is that farmers compete against each other for market shares, rather than buyers competing for the farmers' products. The inevitable effect is that "competition destroys profits". With the added inability on the part of farmers to recover production costs in the prices they receive, the number of farmers remaining in farming continues to dwindle.

None of the foregoing observations are new. It has always been this way for farmers. From time to time attempts have been

made through organized effort to "change the system". The organization of co-operatives and some marketing boards serve as examples. But only a very few have resulted in attaining price and income stability for farmers. Most have continued to rely on an imperfect market system as the price discovery mechanism.

At a meeting of the NFU Executive held on July 31, 1981, a decision was made to once again step up the campaign for change, particularly as it applies to the marketing of red meats. A committee of three was established to consider concepts for a National Meat Authority.

The initial efforts of the Committee follow.

Objectives:

The objectives for a National Meat Authority are to balance the production, consumption and trade in beef, pork, sheep and lamb, turkeys, broilers and eggs produced in Canada with a view toward:

- a) Attaining full self-sufficiency of the regulated products;
- b) Developing sufficient export markets to achieve, as a minimum goal, balanced trade in volume for each commodity;
- c) Encouraging the production of the regulated products on as broad a basis as possible, consistent for the retention of family farms as the basic production unit;
- d) Providing for consumers adequate and high quality supplies of the regulated products at stable prices.
- e) Returning to producers prices for their products which will reflect their costs of production and a reasonable return on investment, management and labour.

The foremost requirement in attaining a National Meat Authority is the need for an enlightened public policy at both the federal and provincial levels of government, as well as an enlightened farm community, prepared to recognize that the above objectives are unattainable without considerable intervention and regulation of the present free market system for farm products.

Without the element of some public planning, the instability evident in our red meat industry would more severely have destabilized the currently regulated turkey and egg industries. Only through the encompassing of public planning into all sectors of secondary livestock production can the exploitation of basic food producers be ended.

Through the designing of "value" for livestock products which takes into account considerations based on nutrition as well as the development of balanced domestic cost-price relationships between various products, consumption patterns can develop which all contribute toward stable and predictable production patterns and thereby result in a healthy and stable growth in the industry. The thought associated with this statement is the belief that if the prices of the various products have an established relationship to one another, consumers will develop consumption patterns based on preference rather than on price which will enable more accurate forecasting of future supply needs. Producers of differing products will be able to live with one another rather than off one another, since there would be no further need to attempt to gain greater market shares, for pork, for instance, through convincing consumers to eat less beef.

Requirements:

Legislative powers of sufficient scope to achieve these stated objectives are required.

These would include, at the federal level, similar authority given The Canadian Wheat Board by the Parliament of Canada as is possible under the British North America Act, including the following:

1. Regulation of trade and commerce (including sole power over imports and exports through licensing or by direct involvement).
2. Authority to bring local works and undertakings (in this case livestock yards, processing plants, abattoirs, etc.) under federal jurisdiction by declaring them to be ".... works for the general advantage of Canada".
3. Control over transportation such as trucks and railways operating in or connecting two or more provinces.

Through a federally appointed Authority fully representative of all product sectors and in addition to the above powers, the federal jurisdiction would need to be fully exercised in:

4. The grading of livestock and poultry and livestock and poultry products (including the grading of beef on a carcass basis).
5. Establishment of basic prices and price spreads between grades for each of the regulated products.
6. Establishment of provincial market shares based on historic production patterns adjusted to current demand and forecasts and in cooperation with the provinces. Provinces would be required to delegate market powers to the federal jurisdiction.
7. Registration of all producers for establishment of individual market shares of the regulated products. The N.M.A. shall declare eligibility for exemption of producers.
8. Development of average cost of production formulas for each of the regulated products and between geographical regions.

9. The full farm cost of production formula prices for each product shall be the entry price into the domestic marketplace and price margins thereafter shall be regulated to retail level. Losses on export sales would be compensated to the N.M.A. from the Agriculture Stabilization Fund.
10. An important need in the development of product formula prices is the presence of stable feed grain supplies and prices. The marketing and pricing of all domestic commercial feed grain sales in Canada should be placed under the jurisdiction and control of a Canadian Grains Board.
11. One desk selling for all livestock and livestock products is needed. Since one of the objectives of a N.M.A. would be to harmonize price and consumption relationships between the various commodities, competitive bidding would distort this objective. Therefore, the function of single desk selling might take on the task of allocation of available supplies between the various interest groups rather than direct price negotiation, since prices would be set periodically by formula adjustments.
12. Cost of program operations would be met by the assessment of levies against the regulated products.
13. All buyers of the regulated products, whether for domestic trade or for export, who as agents of processors, wholesalers, distributors, retail chains, are authorized to deal directly with the N.M.A. on behalf of themselves or a third party, would be licensed and bonded.
14. The N.M.A. shall have powers over all exports and imports directly or by licensing of regulated products and retain control over interprovincial and intraprovincial movement.
15. The N.M.A. shall establish in each geographic region and/or province, an administrative structure to regulate and monitor the trade in each of the regulated products.
16. The N.M.A. would be vested with full regulatory powers to impose penalties over all violations related to the buying, selling, processing, transportation and distribution of regulated products.
17. The N.M.A. shall have the power to impose penalties on over quota production by producers.
18. All individual market share quotas shall be deemed to remain the property of the N.M.A. and revert to the N.M.A.'s control and disposition, through its provincial administrations in the event of a producer retiring from production for any reason.

19. The N.M.A. shall have the power to remove surplus production from the market and dispose of it in the most advantageous manner through forward contracting into export, retaining for future need, sale to governments for foreign aid or domestic welfare programs.
20. The N.M.A. shall designate terminal centres for assembly and distribution of the regulated products.
21. The N.M.A. shall undertake research into market potential for all regulated products both domestically and into export.
22. The N.M.A. shall report annually to Parliament to review market experience and assess future production targets for all regulated products. The N.M.A. shall allocate production increases to provincial jurisdictions and through its provincial administrations to individual producers on a priority basis.
23. The N.M.A. shall report periodically to producers through public information meetings, newsletters, etc.
24. Develop all such production, marketing and pricing regulations as may be necessary and specific to each of the regulated products within its jurisdiction.

Priorities:

While the schematic model attached visualizes the ultimate realization of a National Meat Authority fully embracing beef, pork, sheep and lamb, turkeys, chickens and eggs, it is accepted that such an all embracing agency would be the result of longer term evolution in its attainment.

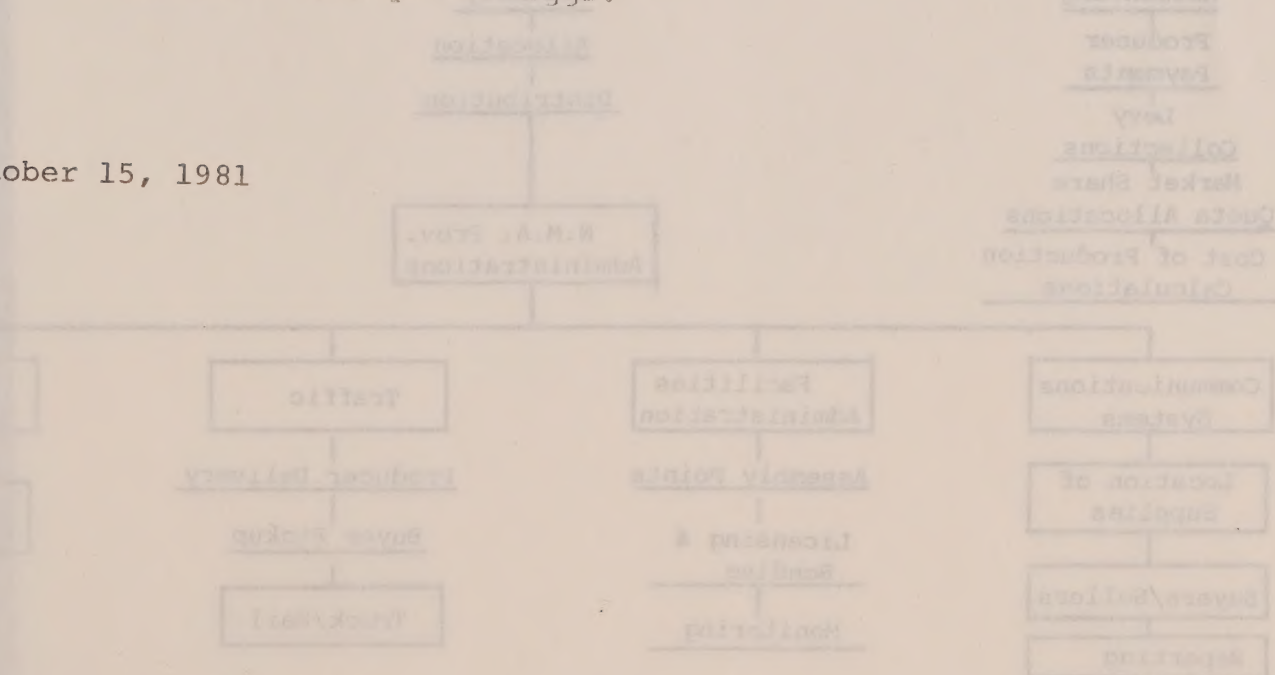
Priorities have been considered for a sequence of events in the development of a National Meat Authority to occur in the order that follows.

1. The first step is the obvious need to acquire enabling legislation at the federal level. This would require acceptance by and commitment from the federal government

to the philosophy and principles of a N.M.A. concept.

2. Concurrent with Number 1 above, is the need to develop a plan for red meat, which represents the area of greatest marketing problems. Beef and pork are favoured as the commodities of highest priority for marketing through a N.M.A. It is recognized that the marketing plans for each commodity would vary in detail and thus a plan would need to be developed for each.
3. Following the successful organization of beef and pork marketing under a N.M.A., sheep and lamb would be considered as a primary candidate for integration into the marketing system.
4. Lower priority has been given to the inclusion of turkeys, chicken and eggs into the N.M.A. since orderly marketing systems of varying degree are now functional for these products under the umbrella of the National Farm Products Marketing Act. However, once success is achieved in marketing red meats, negotiations could follow with government for the phasing in and transfer of regulatory powers from the N.F.P. Council and the respective provincial governments to the N.M.A. for the marketing of chicken, turkeys and eggs.

October 15, 1981



Flow Chart Of Total National Meat Authority Concept

